

Message Text

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ORIGIN FAA-00

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TO AMEMBASSY MUSCAT PRIORITY

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E.O. 11652: N/A

TAGS: EAIR, MU

SUBJECT: FAA BUDGET AND OMAN GOVERNMENT REACTION

REF: MUSCAT 278

1. FAA HAS REVIEWED EMBASSY'S VIEWS EXPRESSED REFTEL REGARDING MODIFICATION OF COST ESTIMATES TO MEET NASSIR'S REQUESTS AND REGRETS INCONVENIENCE CAUSED OMANI GOVERNMENT BY FREQUENT TURNOVER AND ABSENCE OF FAA PERSONNEL.

2. AS EMBASSY AWARE, FAA DOES NOT HAVE LEGISLATIVE AUTHORITY OR APPROPRIATED RESOURCES TO CONDUCT TECHNICAL ASSISTANCE ACTIVITIES--SUCH AS THAT BEING UNDERTAKEN IN OMAN-- ON A NONREIMBURSABLE BASIS. BECAUSE OF THE FOREGOING AND THE FACT THAT ASSIGNMENT OF TEMPORARY, IN LIEU OF PERMANENT, PERSONNEL DURING THE INITIAL STAGES OF THE PROJECT WAS REQUESTED AND AGREED TO BY THE OMAN

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GOVERNMENT ON A REIMBURSABLE BASIS, FAA IS NOT IN A POSITION TO ABSORB COSTS SUGGESTED BY NASSIR. IN THIS CONNECTION EMBASSY MAY WISH TO REFER TO NUMEROUS EXCHANGES OF MESSAGES BETWEEN EMBASSY, DEPARTMENT AND FAA DURING APRIL-SEPTEMBER 1975 PERIOD. THOSE MESSAGES A)REITERATED FAA'S INITIAL INTENTION OF ASSIGNING

PERMANENT CAAG PERSONNEL SIX MONTHS AFTER OMAN SIGNATURE OF AGREEMENT, B) PROVIDED FOR TDY ASSIGNMENTS ON A REIMBURSABLE BASIS COVERING ALL FAA COSTS, AND C) STIPULATED THAT CITED TDY ESTIMATED EXPENSES WERE IN ADDITION TO THOSE REFLECTED UNDER THE AGREEMENT FOR FULL-TIME PERMANENT ASSIGNMENTS.

3. WITH REGARD TO ALLOWANCES, INCREASE IN ESTIMATED COSTS FROM DOLS. 26,500 TO DOLS. 39,600 RESULTS FROM A) NEED TO PAY ONE TIME CHILD PLACEMENT FEE OF DOLS. 2,924 PER CHILD REFERRED IN EMBASSY MESSAGE 130400 JULY 76, B) PAYMENT OF UTILITY EXPENSES IN EXCESS OF OMAN GOVERNMENT ALLOWANCES WHICH ARE INADEQUATE FOR FAA PERSONNEL, AND C) INCREASE IN POST ALLOWANCE RESULTING FROM ASSIGNMENT OF CAAG PERSONNEL WITH FAMILIES (THOSE INITIALLY ASSIGNED TO OMAN DID NOT HAVE FAMILIES).

4. WITH REGARD TO INCREASES IN PERSONNEL COMPENSATION AND RELATED BENEFIT AND CHANGE-OF-STATION COSTS, THE ELEVEN PERCENT INCREASE FROM 1976/77 TO 1977/78 RESULTS FROM INCORPORATION OF SALARY INCREASES OF FIVE PERCENT AND ABOUT SEVEN PERCENT AUTHORIZED FOR THE USG IN OCTOBER 1975 AND OCTOBER 1976, RESPECTIVELY. ALTHOUGH THESE INCREASES WERE NOT SPECIFICALLY IDENTIFIED IN OUR INITIAL BUDGET ESTIMATE, THEY WERE ANTICIPATED AND PROVIDED FOR IN THE CONTINGENCY. THE 1976/77 REVISED BUDGET ESTIMATE ALSO INCLUDES THESE INCREASES, BUT THIS MAY NOT BE IMMEDIATELY APPARENT BECAUSE OF THE REDUCED NUMBER OF MAN-MONTHS PROGRAMMED (27 VS. 36). WITH RESPECT TO THE LIMITED OFFICIAL USE

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DOLS. 40,000 EXTRA AMOUNT TO RETURN FAA PERSONNEL, WE ARE UNABLE TO ASCERTAIN FROM REFTEL WHAT AMOUNTS ARE BEING COMPARED SINCE REVISED COSTS REFLECTED IN THE FIRST TWO ESTIMATES FOR EMPLOYEE TRANSFERS TOTAL DOLS. 41,900 AND THE FOURTH YEAR ESTIMATE TO RETURN EMPLOYEES AND THEIR DEPENDENTS TO DOMESTIC LOCATIONS IS DOLS. 31,500. (THE DOLS. 10,400 REDUCTION IN THE FOURTH YEAR RESULTS FROM FACT WE EXPECT TO FUND ONLY THREE CHANGES OF STATION (RETURNS TO U.S.) IF THE PROJECT IS NOT EXTENDED BEYOND THAT YEAR.)

5. WITH RESPECT TO EMBASSY'S REQUEST TO HAVE BUDGET ESTIMATE REDUCED DOWNWARD, FAA AGREES TO: A) ELIMINATE ALL TDY COSTS FROM AGREEMENT NUMBER W.O. - I-115 AND HANDLE PAYMENT OF SUCH COSTS BY OMAN UNDER SEPARATE AGREEMENT, SINCE EXCHANGES OF MESSAGES MADE CLEAR THAT TDY COSTS WERE TO BE IN ADDITION TO THOSE IDENTIFIED IN BUDGET AND OMAN WOULD REIMBURSE FAA ACCORDINGLY; B)

ELIMINATE ALL AMOUNTS PROGRAMMED FOR CONTINGENCY PURPOSES SO LONG AS IT IS CLEARLY UNDERSTOOD BY THE OMANI GOVERNMENT THAT IT REMAINS LIABLE FOR PAYMENT OF ALL FAA ACTUAL PROJECT EXPENSES EVEN IF THESE EXCEED ESTIMATED AMOUNTS. IN THIS CONNECTION, PLEASE INFORM OMAN GOVERNMENT THAT FAA ESTIMATES WERE PROVIDED FOR OMANI PLANNING PURPOSES ONLY. AS AGREEMENT STATES, FAA MUST BILL FOR ACTUAL COSTS FOR REASONS STATED IN PARAGRAPH 2 ABOVE.

6. OTHER ESTIMATED COSTS CANNOT BE ELIMINATED OR REDUCED SINCE THEY REFLECT PRESENT COST OF PROVIDING TECHNICAL ASSISTANCE WHICH CANNOT BE EXPECTED TO DECREASE. AS EMBASSY KNOWS, FAA DOES NOT SEEK ANY PROFIT IN ITS TECHNICAL ASSISTANCE PROJECTS. CONSEQUENTLY, THERE IS NO ATTEMPT TO PAD EITHER BUDGET ESTIMATES OR ACTUAL CHARGES TO COVER CONTINGENCIES.

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7. IN EVENT EMBASSY REQUIRES ADDITIONAL INFORMATION OR WOULD LIKE TO DISCUSS MATTER FURTHER, IT COULD CONTACT FAA'S INTERNATIONAL BUDGET OFFICER, B. A. LOMBARDI, WHO IS VISITING TEHRAN THROUGH MARCH 14, OR CALL FAA BUDGET OFFICE IN WASHINGTON (202-426-3161).
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